chapter 7

THERE'S AN OLD BRITISH JOKE that goes something like this:

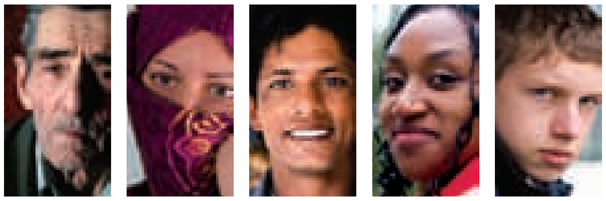
Two Oxford professors, a physicist and a sociologist, were walking across a leafy college green. "I say, old chap," said the physicist, "What exactly do you teach in that sociology course of yours?"

"Well," replied the sociologist, "This week we're discussing the persistence of the class structure in America."

"I didn't even know they had *a class structure in America," said the physicist.*

The sociologist smiled. "How do you think it persists?"

Stratification and Social Class



Most countries are aware of their own class structure—the physics professor didn't need a sociology course to know that England has social classes—but in the United States, class seems to be invisible. Many people don't even believe it exists. Surely, they say, we're an equal-opportunity country. Class is a relic of old European monarchies, where princes scandalize the media by consorting with commoners.

But the United States does have a class structure. Every country does; social class is present in some form in every human society. Even the Old Order Amish, perhaps the most egalitarian society that has ever existed, have three social classes ranked by occupational prestige: traditional farmers, business owners, and day laborers (Kraybill, 2001). The details may shift and change somewhat over time, but class structure is omnipresent, always operating in our lives,

Although it seems invisible, social class remains the single best indicator of . . . the sort of life you are likely to have—where you will go to school, what you think, and even whom you will marry (or if you will) and how you like to have sex!

and, paradoxically, especially powerful in countries where people don't believe it exists. Their inability to "see," as the joke suggests, helps class persist from generation to generation.

Although it seems invisible, social class remains the single best indicator of your "life chances"—of the sort of life you are likely to have—where you will go to school, what you think, and even whom you will marry (or if you will) and how you like to have sex! Even focusing so much on your individual choices and individual talents is a reflection of your class position. (Middle-class people believe in the meritocracy more than upper-class people.)

This chapter will explore the importance of class in our society—both as a source of identity and as a structure of inequality.

What Is Social Stratification?

The system of structured social inequality and the structure of mobility in a society is called **social stratification.** Stratification is concerned with the ranking of people. Social stratification takes its name from geology: Imagine a society looking very much like the side of a mountain made of sedimentary rock: each layer—or "stratum"—carefully demarcated and sitting on the top of another well-defined layer.

All societies rank people. The criteria for the ranking varies: In the contemporary United States, perhaps it's the size of your bank account; in traditional societies, perhaps it's the size of your yam crop. But once you are ranked, you enjoy benefits and rewards "appropriate" to your social location. You get more or less money, fame, prestige, and power throughout your life, regardless of your individual talent, intelligence, and drive to succeed.

In almost every society, an entrepreneurial genius born in a hovel dies in a hovel, and a person of, shall we say, limited ability, born in a palace dies in a palace. Nobody moves from hovel to palace, except in fairy tales. Your social position is a matter of birth, passed on from parents to children, from generation to generation. Some societies, mostly extremely wealthy ones, like our own, allow for some social mobility, so entrepreneurial geniuses born in hovels can found megasuccessful corporations, or the children of solidly middle-class shop owners can find themselves punching time clocks. But even where social mobility is possible, most people remain at the same social location throughout their lives. If your father was a janitor, it is very unlikely that you will one day be the president—even if you get the right education.

Social stratification involves inequalities not only in wealth and power but also in belief systems. It gives some people more benefits and rewards than others and also defines the arrangement as fair, just, and reasonable. The explanation offered for *why* it is fair, just, and reasonable differs from society to society. Often no explanation is offered at all: Both the "haves" and the "have-nots" accept the system without question (Crompton, 1993; Kerbo, 1996; Saunders, 1990).

Why Do We Have Social Stratification?

What purpose does stratification serve? Classical sociologists disagreed on this question. Some, like Durkheim, believed that stratification was a necessary organizing principle of a complex society and that it served to create interdependence among society's members, so that everyone "needed" the activities of everyone else (Filoux, 1993). Marx, on the other hand, stressed the ways the stratification system benefited those at the top—at the expense of those at the bottom. He spoke of oppression and exploitation, not integration and interdependence (Resnick and Wolff, 1987).

In the middle of the twentieth century, many sociologists followed Durkheim, saw stratification as integrative, and claimed that it allowed for significant mobility. For example, Kingsley Davis and Wilber Moore (1945) argued that as long as some degree of social mobility was possible, stratification is essential to the proper functioning of a society. Some jobs (say, brain surgeon) are extremely important, and other jobs (say, serving hamburgers at the student union) are relatively unimportant. Social stratification creates a **meritocracy,** a system in which those who are the most "meritorious" will rise to the top, and those who are less so will sink to the bottom. Meritocracy is the rule by those who deserve to rule. The greater the functional importance of the job, the more rewards it brings, in salary, perks, power, and prestige. Therefore people will work better, longer, and harder in hopes of getting a high-prestige job. Of course, some will not succeed; *most* will not succeed. But the society benefits from everyone working very hard. If a brain surgeon and a burger flipper suddenly started getting the same salary, perks, and prestige, no one would be motivated to work hard. Severing rewards from performance leads to low quality and low productivity.

However, those arguments came at a far more optimistic time in American society; today, the persistence—and even the intensification—of class-based inequalities has rendered that vision obsolete. Sociologists now understand that social mobility occurs in only a few societies, and it is not common anywhere.

Social stratification divides us far more than it unites us. Stratification is a form of inequality. Elites maintain inequality for their own advantage, prohibiting many of the most talented and intelligent people from making favorable contributions to the society and giving less talented, less intelligent people tremendous amounts of power. Even where some people do get to move up in the rankings, it is so infrequent that elites still manage to retain control, and the possibility of mobility ensures that the disenfranchised remain docile: They assume that if they don't succeed, it's their own fault (McAll, 1990).

Systems of Stratification

Societies reproduce social stratification in different ways. Sometimes boundaries are relatively fluid, and sometimes they are etched in stone. The most common forms of stratification are the caste system, feudalism, and class.

Castes. Castes, found in many traditional agricultural societies, divide people by occupation: farmers, merchants, priests, and so on. A **caste system** is fixed and permanent; you are assigned to your position at birth, without any chance of getting out. Perhaps the most famous example of a caste system has been India. India had four castes, or *varnas: Brahmin* (priests), *Kshatriyas*

This woman is an Untouchable, one of the 160 million people who occupy India's lowest caste. No matter how hard or diligently she works, she won't escape the poverty and discrimination into which she was born.

Sociology and our World

Apartheid

Apartheid is a caste system in which the basis of the caste designation is race. The term is derived from the Dutch term for "separate," and politically it involved the geographic, economic, and political separation of the races. It was the common, if informal, system in the southern United States through the first half of the twentieth century, maintained legally by "Jim Crow" laws.

In South Africa, the most famous case of apartheid, the ruling party, descendents of Dutch immigrants, enacted apartheid laws in 1948. People were required to register as White (someone who was "in appearance obviously a White person"), Black (a member of an African tribe), or Colored (of mixed descent, plus South and East Asians). Blacks were forced to live in four separate Bantustans, or "homelands" with 13 percent of South Africa's area, even though they comprised about 75 percent of the population. When they came to "White" South Africa, they had to carry passports and identification papers.

Protests against apartheid began almost immediately, among both Blacks and Whites. (In 1976, more than 600 high school students were killed in the African townships of Soweto and Sharpesville, when the police responded to their protests with bullets.) Finally, after years of protests, riots, strikes, and states of emergency, former dissident Nelson Mandela was elected president in 1994, the homelands were dismantled, and apartheid laws were removed from the civil code. Of course, racial prejudice still exists; some newspaper commentators argue that the end of apartheid has exacerbated racial tensions, as Whites who believe that they are now discriminated against in jobs and housing are likely to lash out against Blacks (Clark and Worger, 2004).

(warriors and other political elites), *Vaishyas* (farmers and merchants), and *Shudras* (servants), plus the untouchables, a "casteless" group at the bottom of the society. Your *varna* determined not only your occupation but where you could live, whom you could talk to on the street (and the terms you would use to address them), your gods, and even your chances of a favorable afterlife: Only a Brahmin could hope to escape samsara, the cycle of endless deaths and rebirths. Modern India prohibits discrimination on the basis of caste and reserves a percentage of government jobs and university admissions to untouchables. However, the traditional system is still strong, especially in rural areas (Gupta, 2000).

Feudalism. In medieval Europe, between the eleventh and sixteenth centuries; in nineteenth-century Japan; and in a few other regions, there were a few merchants and "free men," but most of the population consisted of peasants and serfs who worked the estates belonging to a small group of feudal lords. **Feudalism** was a fixed and permanent system: If you were born a lord or a serf, you stayed there your whole life.

The classic feudal relationship was one of mutual obligation. The feudal lords housed and fed serfs, offered protection inside the castle walls, and decided on their religion and on whether they would be educated. Peasants had no right to seek out other employment or other masters. In effect, they were property. Their only avenue to social advancement was to enter a convent or monastery (Backman, 2002).

Feudalism endured in Germany through the nineteenth century and in Russia until the Bolshevik Revolution of 1917. A person's wealth—and the taxes owed to the Tsar—was gauged not by how much land that person owned but by how many serfs (or "souls") he owned.

Feudalism began to disappear as the class of free men in the cities—artisans, shopkeepers, and merchants—grew larger and more prosperous, and the center of society began to shift from the rural manor to the urban factory. Industrial society dispensed with feudal rankings and ushered in the modern class system.

Class. Class is the most modern form of stratification. **Class** is based on economic position—a person's occupation, income, or possessions. Of the major forms of stratification, class systems are the most open—that is, they permit the greatest amount of **social mobility,** which is the ability to move up—or down—in the rankings. **Class systems** are systems of stratification based on economic position, and people are ranked according to achieved status (as opposed to ascribed status). Each system of stratification creates a belief system that declares it legitimate, that those at the top "deserve" to be there through divine plan, the natural order of things. Class systems "feel" the most equitable to us today because they appear to justify one's ranking solely on his or her own initiative, hard work, and talent.

Social Class

Many Americans believe that a class system is a relic from our European past and that it exerts far less influence—if any—in the modern world. After all, the very idea of American democracy is that an individual should be able to rise as far as his or her talents, aspirations, and hard work can take that person.

Yet, we also have seen ample evidence that the importance of class is increasing. The recent commentary, for example, on the rescue and cleanup efforts in New Orleans in the aftermath of Hurricane Katrina exposed persistent class and racial inequalities.

If we credit class at all, it is the class to which we are aspiring, not the class into which we were born. But it turns out your class of origin is a very reliable measure of where you will end up. Your class background is just about the best predictor of many things, from the seemingly important—what college you go to (or if you go to college at all), what job you have—to the seemingly trivial—what your favorite sexual position is, what music you like, and even what you probably had for dinner last night.

Class also operates on the global level. Just as there are upper-, middle-, and lower-class people, there are upper-, middle-, and lower-class countries. These, too, shift and change over time—a tycoon country today might be a pauper country tomorrow—but the hierarchy of rich and poor, weak and strong, high status and low status doesn't seem to go away.

Class inequality often combines other forms of inequality to create a complex hierarchical order. The government's response to Hurricane Katrina in 2005 exposed persistent class and racial inequalities in the United States.

Theories of Social Class

The analysis of social stratification in general, and class in particular, is one of the defining interests of the founders of sociology—as well as a central concern among sociologists today.

Marx and Class. Karl Marx (1818–1883) was the first social scientist to make class the foundation of his entire theory. Marx argued that human survival depends on producing things. How we, as a society, organize ourselves to do this, and how we distribute the rewards, is what Marx called the *mode of production*—the organization of society to produce what people need to survive.

There are many ways to do this. We could imagine a system in which one person owns everything, and everyone else works for him or her. Or we could imagine a system in which everyone owns everything, and you simply take what you need—and leave the rest for others. Or we could imagine a system in which a very few people had far more than they could possibly ever need, and the large majority had very little, but, instead of giving the rest away to others who need it, the wealthy would simply throw it away. All of these are systems that organize production, the creation of the goods we need for survival, and the relations of production—the relationships people enter into to facilitate production and allocate its rewards.

Marx argued that, historically, it has always been the case that some people own means of production—the cornfields, the cows, and the factories—and everyone else works for them. With ownership comes control: If you own the only cornfield in town, everyone else has to listen to you or go without corn. Therefore there are two types of people, the owners and workers.

In Marx's day, capitalists or the **bourgeoisie** owned the means of production, only now they owned factories instead of farms, and the lower classes or the **proletariat** were forced to become wage-laborers or go hungry. They received no share of the profits and lived in perpetual poverty. Ironically, they used their wages to buy the very products that they were helping to manufacture.

Marx believed that this system was inherently unfair. He also believed that classes were in intractable and inevitable conflict. He predicted that eventually the proletariat would organize, rebel, and overthrow capitalism altogether in favor of a socialist economy where the workers owned the means of production (Smelser, 1975).

Weber and Class. Max Weber (1864–1920) doubted that overthrowing capitalism would significantly diminish social stratification. It might address economic inequality, but what about other forms of inequality? In one of his most celebrated essays, "Class, Status and Party," Weber argued that there were three components to social class: economic (class position), social (status), and political (power). Often they were interrelated, but sometimes they operated independently: You could be at the top of the economic ladder, but at the bottom of the social ladder, and somewhere in the middle of the political ladder. So are you a member of the upper, middle, or lower class? Or all three? Social class, it turns out, is a complex, multidimensional hierarchy.

In Weber's theory, stratification is based on three dimensions:

1. *Class position*. It can determine whether you are an owner or a worker; how much money you make (your income); your property, stocks, bonds, and money in the bank (your wealth). Wealth is more important than income because the legal system, with its laws concerning private property and inheritance, ensures that wealth will pass on to your heirs and endow them with a class position similar to yours—or higher. Class is based simply on your relationship to production—what you do for a living and what you earn.

2. *Status*. Social prestige is what other people think of you. If class is based on your relationship to production, **status** is based on your relationship to consumption: your lifestyle. People see what you have and how you live and make judgments about how much wealth and power you have. This results in people often buying higher-priced luxury goods—"status symbols"—even if they have a hard time paying for them.

   People with higher class positions tend to enjoy higher status, but not necessarily: In the United States, college professors enjoy high status, but (unfortunately) they don't make much money, compared to other high-status professions. Accountants have a relatively low status, but they tend to command high salaries. High and low status differs from society to society and changes over time (Table 7.1). Status does not pass from generation to generation automatically, like wealth, but it can still be transmitted. Upper-class parents teach their children the social skills expected of people with high status, perhaps an appreciation for classical music or modern art, and send them to exclusive schools and colleges where they can prepare for high-status lives. Meanwhile lower-middle-class and working-class parents teach their children the skills necessary for lives of somewhat lower expectations.

TABLE 7.1

Occupational Prestige: 27-Year Trend

BASE: ALL ADULTS	1977 %	2006 %	CHANGES SINCE 1977 %
Doctor	61	58	−3
Nurse	NA	55	NA
Scientist	66	54	−12
Teacher	29	52	+23
Police Officer	NA	43	NA
Priest/Minister/Clergyman	41	40	−1
Engineer	34	34	0
Athlete	26	23	−3
Lawyer	36	21	−15
Entertainer	18	18	0
Accountant	NA	17	NA
Banker	17	17	0
Journalist	17	16	−1
Business executive	18	11	−7

Note: Prestige is rated on a scale from 100 (most prestigious) to 0 (least prestigious).
Source: Adapted from *Society in Focus: An Introduction to Sociology,* 6th ed., by Thompson and Hickey, Boston: Allyn and Bacon, p. 204.

3. *Power*. **Power** is the ability to do what you want to do. This may mean a certain amount of control over your own working situation. People in higher class or status positions can set their own hours, disregard punching time clocks, and work to their own rhythm.

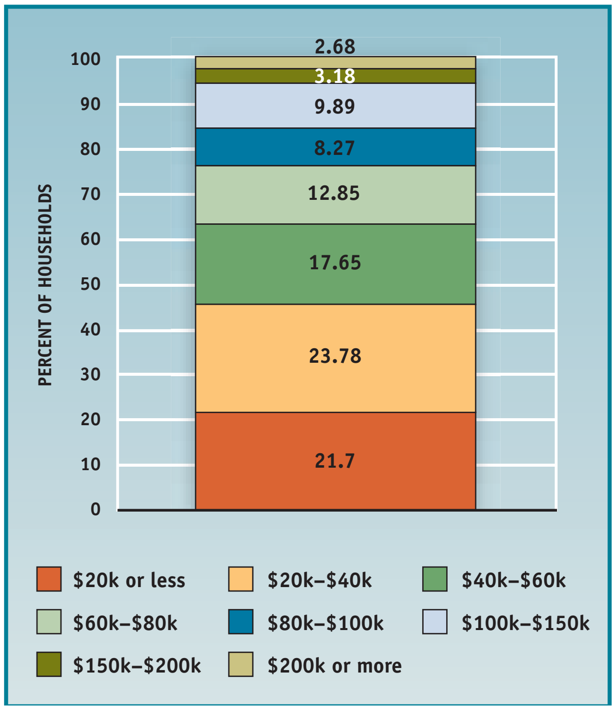
Power also resides in your ability to influence the actions of others. People with high power dictate, order, command, or make "requests" that are really commands issued in a nice way, as when a police officer "asks" to see your driver's license. People such as the police officer can have a great deal of power but comparatively low class position or social status (Weber, 1958). But people with higher class positions and social status tend to have more power. As the tyrannical king tells us in the *Wizard of Id* comic strip, "Remember the Golden Rule: He who has the gold makes the rules."

Class position, status, and power remain the major components of social class, but sociologists after Max Weber have continued to postulate new ones: your social connections, your taste in art, your ascribed and attained statuses, and so on. Because there are so many components, sociologists today tend to prefer the term **socioeconomic status** over *social class* to emphasize that people are ranked through the intermingling of many factors, economic, social, political, cultural, and community.

Socioeconomic Classes in the United States

Karl Marx divided the world into two simple classes, the rich and the poor. But the sweeping economic and social changes of the past century and the recognition of multiple components to socioeconomic status have pushed sociologists to redefine these class categories and to further delineate others (Grusky, 2000; Lenski, 1984).

FIGURE 7.1
Household Income in the United States



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2005.

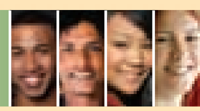
Today most sociologists argue for six or more socioeconomic classes in the United States. They are usually divided on the basis of household income because that information is easily obtained in census reports, but bear in mind that there are many other factors, and income is not always the best indictor (Figure 7.1).

The Upper Upper Class. These are the superrich, with annual incomes of over $1 million. They include the older established wealthy families, born into massive fortunes that their ancestors amassed during the industrial boom of the nineteenth-century Gilded Age. While the original fortunes were amassed through steel, railroads, or other industries, recent generations depend on extensive worldwide investments. They are neither the “haves” nor the “have nots”—they are the “have mores.”

Many of the superrich amassed their fortunes recently, during the information revolution, in computers and other technology. Bill Gates came from an elite background but was nowhere near even the top 10 percent in income in 1975, when he dropped out of Harvard to found Microsoft. Today, Gates’s fortune tops $40 billion, and *Forbes* magazine named him the richest person in the world.

Other billionaires who didn’t inherit most of their fortunes come from entertainment and sports. A blockbuster movie can shoot actors to the ranks of the superrich almost overnight, after years of financial hardship. (Of course, it usually doesn’t; the mean salary for working actors in 2006 was $36,790.)

What do *you* think?



MyLab

Conflict between Poor and Rich in the United States

Any society that has a surplus of goods or money is going to have inequality. Because capitalist countries are built on a profit-based economy, they can be especially prone to inequality based on economic status, and this inequality often leads to conflict between the rich and the poor. The rich want to keep the status quo so that they hold onto their power, prestige, and wealth. On the other hand, the poor often want social change so that they can have a piece of that same pie. So, what do you think?

In your opinion, in America, how much conflict is there between poor people and rich people?

❍ Very strong conflict
❍ Strong conflict
❍ Not strong conflict
❍ No conflict

See the back of the chapter to compare your answers to national survey data.

The superrich are usually invisible to the rest of the world. They have people to do their shopping and other chores. They have private jets, so they rarely stand in line at airports.

Lower Upper Class. With annual household incomes of more than $150,000 but less than $1 million, the lower upper class are the "everyday" rich. They tend to have advanced degrees from high-ranking colleges. Though they have substantial investment incomes, they still have to work: They are upper-level CEOs, managers, doctors, and engineers. Much more visible than the superrich, they still protect their privacy. They do not participate extensively in civic and community organizations. They live in gated communities, vacation at exclusive resorts, and send their children to prestigious private schools.

Upper Middle Class. With household incomes above $80,000 but less than $150,000, these are the high-end professionals and corporate workers. Most have college degrees. Only a small percentage of their income comes from investments. They tend to be community leaders, very active in civic organizations and the arts. The audience in performances of the local philharmonic is likely to be mostly upper middle class (the upper class is in Vienna, and the lower middle and working classes are at home watching television).

Middle Middle Class. With household incomes between $40,000 and $80,000, these are the "average" American citizens. Most hold white-collar jobs: They are technicians, salespeople, business owners, educators. However, many blue-collar workers and high-demand service personnel, such as police, firefighters, and military, have acquired incomes large enough to place them in the middle class. Most have attended college, and many have college degrees. They have very little investment income but generally enough savings to weather brief periods of unemployment and provide some degree of retirement security. They are also in a precarious position: Shrewd career decisions could propel them into the upper middle class, while a few faulty career decisions could send them plummeting down to the working class. However, they are usually able to buy houses, drive new cars, and send their children to college. They tend to have small families and are very active in community civic life.

Working Class. Also called "lower middle class" to avoid the stigma of *not* being middle class in America, this group has a household income of between $20,000 and $40,000. They tend to be blue-collar workers, involved in manufacturing, production, and skilled trades, but there are also some low-level white-collar workers and professionals (such as elementary school teachers) and some high-level clerical and service industry workers, especially those in two-income households.

They make things and build things. They usually have high school diplomas, and many have been to college. Their savings accounts are usually minimal, so a few missed paychecks can be devastating, and for retirement they will have to depend on government programs such as Social Security or union pensions. Nevertheless, they can often buy houses, drive inexpensive cars, take occasional vacations, and send their children to public college.

They are not heavily involved in local civic and community organizations; instead, their social lives revolve around home, church, and maybe some hobby or sports groups. Extended family appears to be extremely important, more significant in the daily lives of the working class than of the middle class or upper class, who usually live hundreds or thousands of miles away from aunts, uncles, and cousins.

Did *you* know?

In J. K. Rowling's popular book series, Harry Potter finds out not only that he is a wizard but also that his parents left him a sizeable fortune. Daniel Radcliffe, who plays Harry Potter in the films based on the books, had a similar experience. A middle-class boy from Fulham, England, the 11-year-old child landed the lead in the guaranteed hit *Harry Potter and the Sorcerer's Stone* (2001) and subsequent films. Daniel received a salary as well as a percentage of the gross profits, and, in 2004, he became the richest teenager in Britain, with a fortune of over $11,000,000.

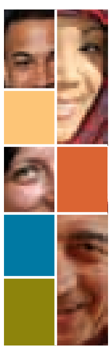
Lower Class. Also called the "working poor" to avoid the stigma of being called lower class, this group has a household income of less than $20,000 per year. They have unskilled and semiskilled jobs: They are service workers, maintenance workers, clerical workers. They deliver pizzas, wait on customers at retail stores, and clean homes and offices. Most do not have high school diplomas: They have an average of 10.4 years of education, as compared with 11.9 for the working class, 13.4 for the middle class, and 14.3 for the upper class.

It's hard to accumulate any money on $20,000 per year, so they usually live from paycheck to paycheck, and even a brief period of unemployment can be catastrophic. And because service jobs rarely include health benefits, illnesses and accidents also have a devastating effect. They often cannot afford houses or cars or college educations for their children. They are not heavily involved in any activity besides making ends meet.

The Underclass. The **underclass** has no income and no connection to the job market. Their major support comes from welfare and food stamps. Most live in substandard housing, and some are homeless. They have inadequate education, inadequate nutrition, and no health care. They have no possibility of social mobility and little chance of achieving the quality of life that most people would consider minimally acceptable. Most members of the underclass are not born there: They grow up working poor, or working class, or middle class, and gradually move down through a series of firings, layoffs, divorces, and illnesses.

America and the Myth of the Middle Class

Generally, Americans believe that class is even less important than ever and that most Americans are middle class. On the other hand, class inequality has never been greater, and it is growing wider, not narrower. How can it be both?



Sociology and our World

The Hidden Injuries of Class

In 1969 and 1970, sociologists Richard Sennett and Jonathan Cobb interviewed working-class and poor men and women whose jobs were difficult, demeaning, low paying, and dead end. Sennett and Cobb expected to hear about hardship and deprivation, but they also heard working-class men judging themselves by middle-class standards. They believed in the American dream, where a poor boy can grow up to be president, where all it takes to get rich is perseverance and hard work. Yet they weren't rich—and they blamed themselves. They thought their "failure" was a matter of laziness, lack of ambition, or stupidity.

How did they ward off despair, when they believed themselves fully to blame for their lives of deprivation? They deferred success from their own lives onto the lives of their children. They were working at difficult, dirty, and dangerous jobs not because they were failures but because they were sacrificing to give their children a better life. They were noble and honorable. Middle-class fathers tried to be role models to their children, saying, in effect, "You can grow up to be like me if you study and work hard." But working-class fathers tried to be cautionary tales: "You could grow up to be like me if you *don't* study and work hard."

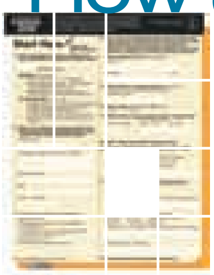
Living through one's children proved to be enormously damaging. Fathers were resentful if their children were successful and perhaps even more resentful if they weren't, and all of the deprivation was for nothing. Successful children felt ashamed of their parents, and unsuccessful children felt guilt and despair of their own. Following the American Dream can also produce painful feelings.

Since the turn of the twentieth century, the middle class has expanded dramatically, and the classes of the very rich and the very poor have declined. Home ownership has risen, incomes have risen, and many more people own stock through mutual funds, pensions, and retirement accounts than ever before. They thus own at least a fraction of the means of production—and identify not with workers but with owners.

Today most people in the United States define themselves as middle class, even if they have to resort to creative redefinitions. Forty-third President George W. Bush's father was the ambassador to the United Nations, director of the CIA, and finally president of the United States. Like his father and grandfather, George W. Bush attended an elite prep school and graduated from Yale. His family bought him the Texas Rangers baseball franchise as his first job, and he was elected governor of Texas before running for president. Yet even he insists that he is middle class!

At the same time that boundaries of the middle class are expanding to the breaking point, with almost everyone thinking that they are middle class (or upper middle class or lower middle class), fully invested in the system, the lifestyle associated with middle class is in obvious decline: less money, a smaller house or no house, a worse job or no job, and less financial security.

How do we know what we know?



The General Social Survey

The U.S. Bureau of the Census can tell us people's income, occupations, household size, and college degrees, but for more subtle analysis of socioeconomic status, we need a lot more information. We need to conduct a survey; we need to select a random sample or stratified random sample of people, telephone them or knock on their door, and start asking questions: What sort of neighborhood do you live in? What are your tastes in music, art, and literature? How much time do you spend every week in religious observation, clubs, business organizations, and community activities?

If you are interested only in a single college, a single neighborhood, or even a single city, you will have to conduct the survey yourself. However, if you are interested in the U.S. population as a whole, the work may already have been done for you. Dozens of social science organizations conduct national surveys every year. The most extensive, the General Social Survey (GSS), has been conducted by the National Opinion Research Center (NORC) almost every year since 1972, with 43,000 cases per year. All of the respondents are over 18 years old, and the results are valid only in nationwide analysis, but where else are you going to find information like:

- Have you ever done any active work in a hobby or garden club? (62 percent yes)
- In the last year, have you attended an auto race? (15 percent yes)
- Did your mother work outside the home? (58 percent yes)
- How often do you watch TV dramas or sitcoms? (21 percent daily, 37 percent several times a week)
- Do high school students spend too much time reading "classics" that are irrelevant to today's world? (38 percent agree)
- What social class would you say you belong in? (3 percent upper, 46 percent middle, 46 percent working, 5 percent lower)

The results of the GSS are available at a number of websites, including the NORC headquarters (http://webapp.icpsr.umich.edu/GSS/) and the University of California at Berkeley (http://sda.berkeley.edu:/cgi-bin/hsda?harcda+gsso4). You can browse the results; perform correlations and regressions; limit results by race, gender, or age; or download data sets to use later.

▲ In the United States and other high-income countries, college is a necessary prerequisite for a middle-class life but no longer guarantees it.

Economist Michael Lind (2004) argues that the middle class has always been a product of social engineering by the government. Today's middle class emerged during the "New Deal" of the 1930s when technological innovation, a home front relatively unscathed by war, and a large population of young, well-educated people led to a climate just right for an unprecedented expansion of the middle class. But this was only temporary, and today two of the most important factors, a superior education and a favorable investment climate, have declined in significance. The increases in the percentage of the labor force with college degrees has slowed to less than 5 percent, and America's massive trade deficit ($1.4 trillion) and the supercharged economies of Asia make America less attractive for investment. And white-collar jobs are in steady decline. Knowing about computers is no longer key to instant success. The jobs with the biggest numerical gains in the next 10 years are expected to be in food service, customer service, retail sales, clerical work, and private security. We may be seeing the rise of a new feudalism, with a few elites sitting in their skyscraper condos while the rest of the population—the new serfs—cook, clean, park the cars, and patrol the grounds.

Income Inequality

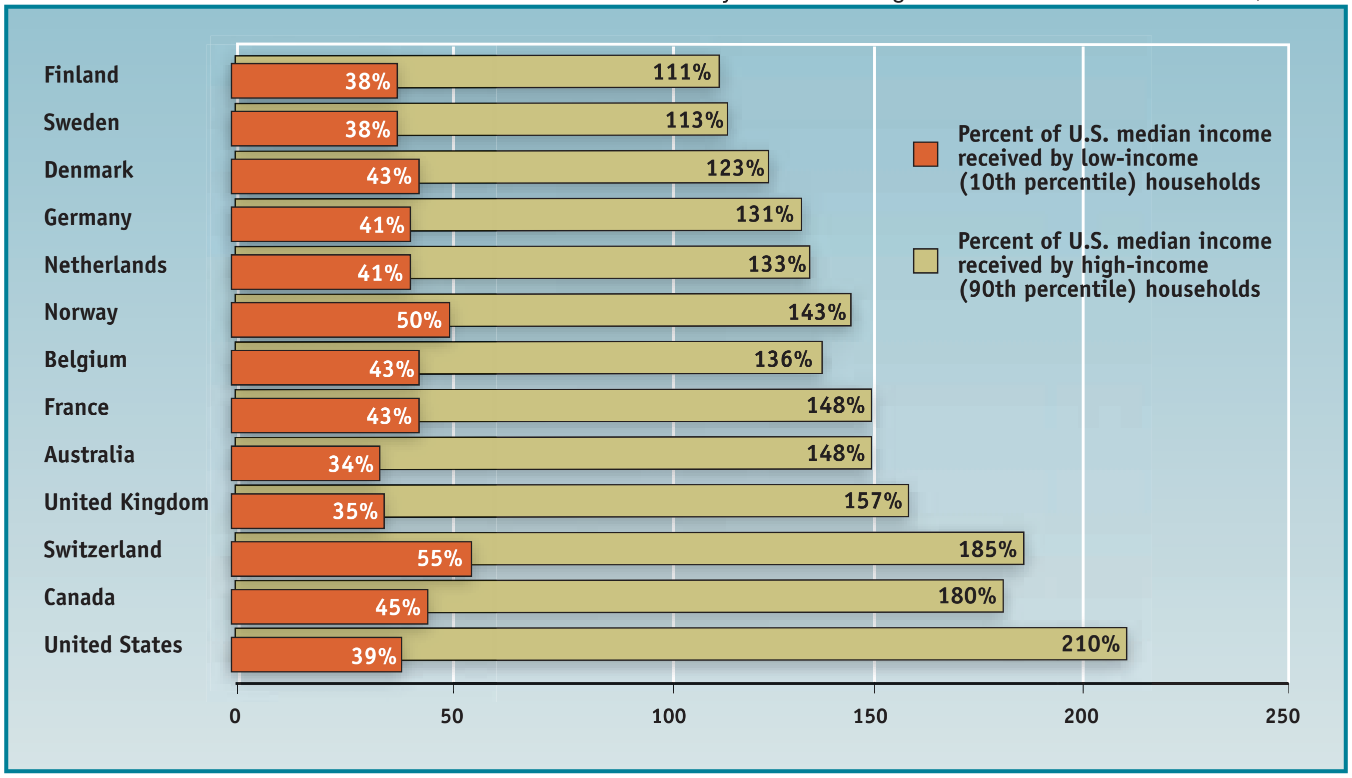
At the same time that most people believe that they are middle class and believe that the system works for them, the United States is increasingly a nation of richer and poorer. Sociologists measure the income inequality in a society by comparing the top incomes with the bottom incomes. In the United States, the top 5 percent earn an average of 11 times more than the bottom 20 percent—this is the most extreme example of income inequality in the developed world. In contrast, the top 20 percent in Sweden earn less than four times the bottom 20 percent, and in Japan, it's three to one (Economic Policy Institute, 2007). In fact, the income gap in the United States is the widest of any industrialized country among all countries included in the Organization for Economic Cooperation and Development (OECD), an international organization that measures and assists in economic development (Figure 7.2).

"The poor are getting poorer, but with the rich getting richer it all averages out in the long run."

The income gap in the United States actually seems to be widening: The gap between rich and poor more than doubled between 1980 and 2000. The richest 1 percent have more money to spend after taxes than all of the bottom 40 percent. The richest 10 percent of Americans control 34 percent of the nation's wealth (up a few percentage points since 1990), and the bottom 10 percent virtually none (Economic Policy Institute, 2007).

Even at the top, the gaps are growing enormously. Between 1972 and 2001, the wages and

FIGURE 7.2 Share of U.S. Median Income Received by Low- and High-Income OECD Households, 2000



Note: These relative income measures compare the gap between the top 10 percent and the bottom 10 percent of household income in each country to the U.S. median income in purchasing-power-parity terms.

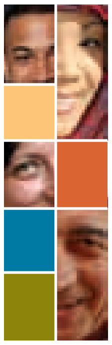
Source: Smeeding and Rainwater (2001) and Smeeding (2006). Figure 8D, taken from the Economic Policy Institute's *State of Working America 2006/2007*, available at www.epi.org

salary of the 90th income percentile (the top 10 percent) grew 34 percent—about 1 percent a year. That means that being in the top 10 percent did not pay off handsomely. But income at the 99th percentile (the top 1 percent, or about $400,000 a year) rose 181 percent during that same period. And income at the 99.99th percentile (the top one-hundredth of 1 percent) rose 497 percent. That's for those earning over $6 million a year (Krugman, 2006). An old expression tells us, "A rising tide lifts all boats." But it seems that nowadays the rising tide lifts only the yachts.

These averages mask even greater disparities between Whites and people of color. The median wealth (net worth less home equity) of White households is $18,000, while that of African American households is a modest $200 and of Hispanic households, zero (Gates, 1999).

Class and Race

Class position is based on your position in the economic world. And while it is more flexible than your race or gender statuses that are fixed, or ascribed, at birth it is also less an achieved status than our ideology would often imagine. There is less than a 2 percent chance that someone whose parents are in the bottom 60 percent of all incomes will ever end up in the top 5 percent. And if you are born in the bottom 20 percent, you have a 40 percent chance of staying there (Hertz, 2007).



Sociology and our World

CEO Compensation

The income gap between rich and poor is evident in the corporate world. In 2006, while the share of national income going to corporate profits was at its highest level on record, the share captured by workers' wages and salaries was at its lowest level since record keeping began in 1929. Between 2001 and 2006, workers' pay grew just 1.9 percent per year, while corporate profits surged nearly 13 percent a year. Today, average CEO pay in a Standard and Poor's 500 company is $15.06 million, as compared with just $29,544 for the average American worker. In 1970, the average CEO made 28 times more than what the average worker earned; today it is 364 times more.

The top 20 CEOs of U.S. companies made an average of $36.4 million in 2006—and that's in salary alone. That's three times more than the top 20 CEOs of European companies.

Sources: Aron-Dine and Shapiro, 2007; The Corporate Library, 2007.

HIGHEST PAID CEOs in 2007

Executive	Company	Total Compensation (including perks, bonuses, and stocks, etc.)
Steven P. Jobs	Apple	$646,600,000
Ray R. Irani	Occidental Petroleum	$512,270,000
Barry Diller	IAC/Inter ActiveCorp	$321,640,000
William P. Foley II	Fidelity	$176,560,000
Terry S. Semel	Yahoo	$174,200,000
Michael S. Dell	Dell	$153,230,000
Angelo R. Mozilo	Countrywide Financial	$141,980,000
Michael S. Jeffries	Abercrombie & Fitch	$114,640,000
Kenneth D. Lewis	Bank of America	$ 99,800,000

Source: "Special Report: CEO Compensation," Forbes.com, May 5, 2007.

This means that the historical legacy of racism has enormous consequences for class position. Given how little mobility there actually is, the descendents of poor slaves were unlikely to rise very much in the class hierarchy—even over several generations. Race and class tend to covary—being African American is a better predictor of a lower-class position than being white.

Yet a few do make it, and at the same time as African Americans are overrepresented among the poor, there is also a growing Black middle class, a class of professionals, corporate entrepreneurs, and other white-collar workers. While the existence of this Black middle class reveals that there is some mobility in American society, its small size also illustrates the tremendous obstacles facing any minority member who is attempting to become upwardly mobile.

And, on the other side, there is a significant number of poor Whites in America. Largely in rural areas, former farmers, migrants, and downsized and laid-off White workers have also tumbled below the poverty line. In cities like Flint, Michigan, where a large GM auto manufacturing plant closed, former workers, both White and Black, were suddenly and dramatically downwardly mobile. Race may be a predictor of poverty, but poverty surely knows no race.

Globally, poverty is also unequally distributed by race. The economic south, largely composed of Africans, South Asians, and Latin Americans, is the home to more than four-fifths of all the world's poor—and a similar percentage of the world's people of color. On the other side of the global divide, the predominantly White nations of Europe are among those with the highest standards of living and the lowest levels of poverty.

Poverty in the United States and Abroad

In 1964, when President Lyndon Johnson declared "war on poverty" in the United States as part of his dream of a Great Society, he asked economist Mollie Oshansky to devise a poverty threshold, a minimum income necessary to not be poor. She decided that poverty meant "insufficient income to provide the food, shelter, and clothing needed to preserve health." Minimal requirement of shelter and clothing was hard to gauge, but not food: The Department of Agriculture prescribed several diets that provided minimal nutritional requirements. So she took the least expensive of the diets, multiplied it by three (one-third food, one-third shelter, one-third clothes), and voilà! She estimated the poverty threshold—or the **poverty line.** Anyone who fell below it was categorized as poor (Andrew, 1999).

This system is not without its problems. First, its calculations are amazingly low, because shelter and clothing cost far more than food. In 2005, it was $9,570 for an individual (about $4.60 per hour), and $19,350 for a family of four (about $4.65 per hour if two adults work).

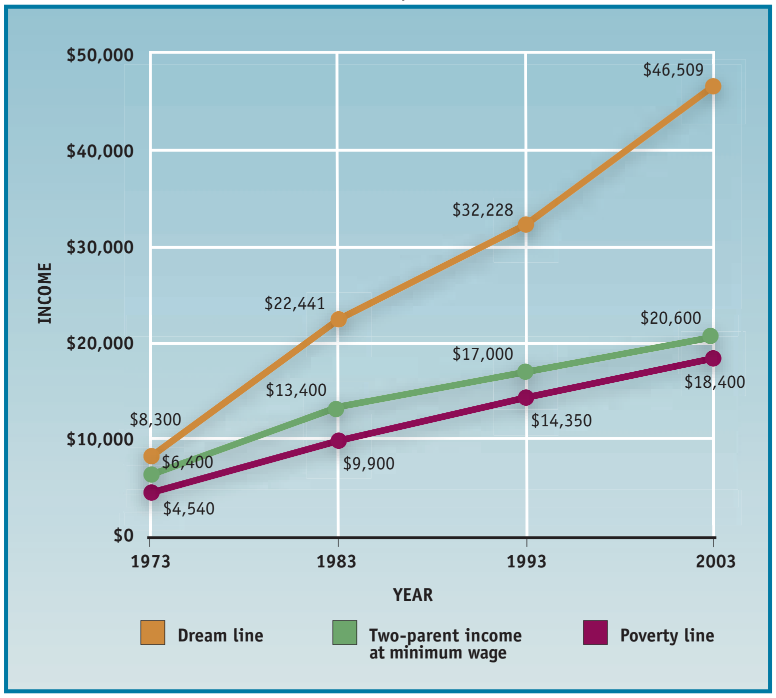
The calculations also don't take into account significant differences in cost of living in various regions of the United States: In Omaha, groceries cost 24 percent less than they do in Chicago, 22 percent less than in Boston, and 30 percent less than in Queens, New York. Housing in Omaha runs half of the average price in Chicago and 53 percent less than in Boston or Queens. But the same poverty threshold is used to determine who is poor and who isn't in all four cities (CNN has a city and state calculator for cost of living at http://cgi.money.cnn.com/tools/costofliving/costofliving.html).

The poverty line doesn't take into account things besides food, shelter, and clothes that are equally necessary to preserve health—things like child care, medical care, and transportation. The Economic Policy Institute offers a basic family budget calculator, including all of these necessities. For Omaha, it comes to $31,000 for a four-person household (two adults, two children). For Nassau-Suffolk County (part of New York City), it comes to $52,114. And the percentage of the population that can't meet the budget increases to 23.4 percent and 37.5 percent, respectively.

Yet these statistics are still sobering. The United States has the highest GDP in the world and the second highest GDP per capita (after Luxembourg), yet 12.6 percent of its people fall below the poverty threshold—more than Croatia (11 percent) or Syria (11.9 percent), only a little less than Thailand (13.1 percent) (Central Intelligence Agency, 2007; U.S. Census Bureau, 2006; World Bank, 2006). ("GDP per capita" is the gross domestic product, the total value of all goods produced in the country divided by the number of inhabitants—a standard measure of the total wealth and economic development of a country. GDP per capita tells us little about the *distribution* of that wealth—whether one family owns everything or whether it's distributed exactly equally to everyone.)

Recently, sociologist Fred Block began to calculate somewhat different measures to illustrate poverty and standards of living. Instead of the "poverty line," Block calculated the "dream line"—estimates of the cost of a no-frills version of the American dream for an urban or suburban family of four (Figure 7.3). This includes the "four H's"—housing (owning a single-family home), high-quality child care, full health coverage, and higher education (enough savings to make sure that both children can attend a public, four-year college or university). The "dream line" comes out to $46,509—and that estimate is low, because it's a national average and cannot

FIGURE 7.3 The Dream Gap



Source: From "Is the American Dream Dying?" by Fred Block, as found on Longview Institute website, www.longviewinstitute.org. Reprinted by permission of the author.

even approach what people pay for these services in major metropolitan areas. Currently, if both parents work at minimum wage jobs, they earn $20,600—less than half of the American dream. It appears that the American dream is out of reach for many Americans.

What's worse, the American dream is harder to achieve than it was a generation ago. Between 1973 and 2003, housing costs increased by 515 percent, child care by 736 percent, higher education by 679 percent, and health insurance by 1,775 percent. During this same period, the average income for a family of four increased by 21.9 percent. It is hardly surprising that more American children live in poverty than in any other industrial nation except Russia (Luxembourg Income Study, 2007).

Who Is Poor in America?

The poor are probably not who you think they are. Contrary to stereotypes and media images:

- *Not all poor people are ethnic minorities*. The poverty rate for Whites is a low 8.3 percent, compared to that of blacks (24.9 percent), Native Americans (23 percent), Hispanics (21.8 percent), and Asians (9.8 percent). However, 116.8 million Whites were living in poverty in the United States in 2004, nearly half of the total 37 million (U.S. Census Bureau, 2006).

- *Not all poor people live in the inner city*. In fact, the highest percentages of poor people live in the rural South. In 2002, Arkansas, Mississippi, and West Virginia had a poverty rate of 18 percent, compared to 12 percent in the urban North. The rural poor are less skilled and less educated than their urban counterparts, and the jobs available to them pay less than similar jobs in urban areas (Dudenhefer, 1993). And their numbers are increasing: Between 2000 and 2005, rural child poverty increased nearly 5 percent in Arkansas and Tennessee and more than 6 percent in Mississippi and North Carolina. Overall, rural poverty among children increased in 41 of the 50 U.S. states during that time (O'Hare and Savage, 2006).

- *Not all poor people are unemployed*. A 2005 Department of Labor report found that one in five poor people were in the labor force, but their incomes still did not lift them above the official poverty line. Of these "working poor," three out of five worked full time (U.S. Department of Labor, 2005).

- *Children are more likely than others to be poor*. Thirteen million American children under the age of 18 live in families with incomes below the poverty line. Some five million of them live in families with incomes less than half the official poverty level—and the numbers are increasing (Fass and Cauthen, 2006). Children suffer more than adults from limited health care, poor nutrition, and unsanitary living conditions. We can see the effects of poverty in the infant mortality rate, a measure of how many children survive their first year of life, and how many die from malnutrition, disease, accidents, and neglect. The lowest infant mortality rates are found in highly industrialized states like Sweden (2.77 deaths per 1,000 infants), Japan (3.28), and Spain (4.48). The United States, at 7.00, has a higher rate than any industrialized country, and it has increased by 8 percent since 2002.

- *Mothers are more likely than others to be poor*. The poverty rate among female-headed households is more than six times that of married couple families. Nearly half of all poor families are depending on a mother alone to support them (U.S. Census Bureau, 2006).
- *The elderly are less likely than others to be poor*. A generation ago, in 1967, 30 percent of Americans over the age of 65 were living in poverty. By 2004, government intervention through such programs as Social Security, subsidized housing and food, and Medicare lowered the poverty rate to 9.8 percent, a little less than the elderly population in general (12.4 percent). Another 20 percent are "nearly poor," according to the Roper Poll. However, poverty places more of a burden on elderly people than others. They are more likely to suffer from chronic illnesses that require expensive treatment (my mother takes a dozen pills a day, and if she had no health insurance, her monthly pharmacy bill would run about $1,000). They are more likely to live alone and lack the social support networks that other poor people use to get by. And, as the population ages and people live longer, the government subsidy safety nets will be strained to the breaking point.

Did *you* know?

It costs more to be poor. Strange as it sounds, the poor must pay more for essential goods and services:

- *Housing*. Renting rooms by the week or apartments by the month costs more than signing a lease.
- *Food*. Cheap housing has no kitchen, so you must subsist on more costly takeout. If you have a kitchen, supermarkets are often miles away, so you have to buy your food at expensive convenience stores.
- *Furniture*. Without a credit card, you can't buy furniture or appliances, so you rent them, for two or three times the price.
- *Money*. You probably can't get a checking account, and so you cash your checks at a check-cashing service and pay your bills with money orders (for hefty fees).

The Feminization of Poverty

Social scientists often argue that poverty is also being increasingly "feminized"—that is, women compose an increasing number of poor people. The image of the itinerant (male) pauper has largely faded, replaced today by a single mother. This **feminization of poverty** has never been more obvious; of the poor over the age of 18, 61 percent are women and 39 percent are men. Of all poor families, women head 51 percent. During the past 40 years, the number of single-parent families headed by women has more than doubled (U.S. Bureau of the Census, 2006). In 2000, 11 percent of all families in the United States lived in poverty, but 28 percent of families headed by single mothers did so (Dalakar, 2001). Supporting a family is difficult for single mothers because women's salaries are often lower anyway, and many single mothers have left the labor force or paused their education when they had children. The lack of adequate child supports in the United States—from parental leave to affordable day care to adequate health care—exacerbates the problem (McLanahan and Kelly, 2006). For women of color and their children, these problems can be even more acute (U.S. Census Bureau, 2006).

This disparity is echoed in the global arena. In poor countries, women suffer double deprivation, the deprivation of living in a poor country and the deprivation imposed because they are women. In high-income countries, women live much longer than men: 8.26 years in France, 7.35 years in Switzerland, 6.55 years in the United States. But in low-income countries, the gap in life expectancy is much narrower: 3.20 years in

The "feminization of poverty" is a global phenomenon. In rich, poor, and emerging economies worldwide, women are over-represented among the impoverished. ▼

Zaire, 2.40 years in Sudan, 1.10 years in India. In Nepal and Guinea, the gap is even reversed: Men live slightly longer than women. Some commentators believe that the reason for the narrowed gap in life expectancy is a high death rate among the *men,* due to high levels of crime, occupational accidents, and chronic warfare. But certainly women suffer in societies where their life chances are composed entirely of bearing and raising children.

Explaining Poverty

Why are poor people poor? Is it because they are born into poverty, or because they don't work hard enough to get themselves out of it, or because they have some physical, intellectual, or emotional problem that prevents them from getting out?

Personal Initiative. One common explanation is that people are poor because they lack something—initiative, drive, ambition, discipline. A question in the General Social Survey asks, "Differences in social standing between people are acceptable because they basically reflect what people made out of the opportunities they had" and 74 percent of respondents agreed. They were expressing a long-standing belief that people are poor because they are unmotivated and lazy. They do not try hard enough. They don't want to work. While we often excuse widows, orphans, children, and the handicapped—the "deserving poor"—who can't help it (Katz, 1990), most Americans believe that the vast majority of poor people are "undeserving" poor.

Sociologists, however, understand poverty differently—as a structural problem, not a personal failing. In fact, it's often the other way around: People are unmotivated and lack ambition *because they are poor,* not poor because they lack ambition. No matter how hard they try and how motivated they are, the cards are so heavily stacked against them that they eventually give up—as would any sensible person. In *Nickel and Dimed* (2001), renowned journalist Barbara Ehrenreich tried an experiment: to live on minimum wage for a year. "Disguised" as a poor person, she applied for and received jobs as a waitress in Florida, a maid in Maine, and a Wal-Mart employee in Minnesota. At first she worried that she would not be able to maintain the ruse: Surely co-workers would notice her superior intelligence and competence and realize that she wasn't "one of them," or else the boss would notice and fast-track her into a managerial position. But neither happened. She was no smarter and *less* competent than anyone else in minimum wage jobs. Back home as a renowned journalist, she had to conclude that her privileged lifestyle had a little to do with her drive, ambition, intelligence, and talent, and a lot to do with her social location. Anthropologist Katherine Newman found that poor people actually work harder than wealthy people—often in two demeaning, difficult, and exhausting dead-end jobs (Newman, 1999).

The Culture of Poverty. In 1965, sociologist Oscar Lewis introduced the influential **culture of poverty** thesis (Lewis, 1965) that argued that poverty is not a result of individual inadequacies but of larger social and cultural factors. Poor children are socialized into believing that they have nothing to strive for, that there is no point in working to improve their conditions. As adults, they are resigned to a life of poverty, and they socialize their children the same way. Therefore, poverty is transmitted from one generation to another.

This notion of resignation has often been challenged. For example, the General Social Survey states: "America has an open society. What one achieves in life no longer depends on one's family background, but on the abilities one has and the education one acquires," and 76 percent of lower-class respondents agree, only a little less than the working class (84 percent), middle class (87 percent), or upper class (80 percent). Certainly these percentages don't indicate any culture of complacency.

Structures of Inequality. Today sociologists know that poverty results from nationwide and worldwide factors that no one individual has any control over, such as economic changes, globalization, racism, and government policies (the minimum wage, Social Security, publicly funded or subsidized health care and day care, and other antipoverty initiatives). Today we also understand that though people living in poverty are not necessarily resigned to their situation, they face structural disadvantages that are nearly impossible to overcome. They would like to lift themselves out of poverty and lead better lives, but they suffer from:

- Poor education
- Higher rates of chronic diseases
- Poor or nonexistent health care
- Inferior housing
- A greater likelihood of being victimized by crime and a greater likelihood of being labeled criminals

We may believe that wealth or poverty are attributes of individuals—those who work hard enough and sacrifice enough get ahead, and those who don't, well, don't—but, in reality, wealth and poverty are structural features of society. Your relative wealth or poverty depends on who you are more than on how hard you work.

What's more, wealth and poverty are related to each other. Sociologists have argued that the poor are poor *because* the rich are rich. Maintaining a wealthy (or middle-class) lifestyle requires that some people be poor.

Poverty leads to reduced life chances, limited opportunities for securing everything from health care to education, from job autonomy to leisure, from safety at home to the potential for a long life. People at the top of the social hierarchy have resources that enable them to respond to opportunities when they arise, like choosing a prestigious internship or job even if it doesn't pay or relocating to an expensive city or area in order to garner better education or experience. What's more, their superior resources allow people at the top to weather problems, from illnesses to accidents to lawsuits to unemployment, that ruin the already precarious lives of the poor. Advantages start early and persist throughout life. And they are virtually invisible—unless you don't have them.

Did *you* know?

For generations, almost every American child has grown up hearing that in America "you can grow up to be president of the United States." As proof, we hear of Abraham Lincoln (1809–1865), who was born in a log cabin and did his schoolwork on the back of a shovel because he couldn't afford paper. According to *Abraham Lincoln: The Man behind the Myths* (Oates, 1994), Lincoln was indeed born in a log cabin near Hodgenville, Kentucky. But he was anything but destitute: Log cabins were common on the frontier, and his was set on a 238-acre farm. His father was one of the largest landowners of the area. And he definitely had paper and pencils for his homework.

Poverty on a World Scale

Half the world's population—three billion people—live on less than $1 a day (Table 7.2). The gross domestic product of the poorest 48 nations in the world—that is, 25 percent of the world's nations—is less than the wealth of the world's three richest *people* combined (Shah, 2007).

And yet the actual number of the world's poor has actually been declining. In 2001, there were 390 million *fewer* people living in poverty than 20 years earlier. What happened?

For one thing, China happened. There are 400 million fewer poor people in China today than in 1981. China's growth, coupled with the growth of the economies of East and South Asia, has shifted the global distribution of poverty, so that today the

TABLE 7.2

MyLab

Share of People Living on Less than $1 a Day (%)

REGION	1981	1984	1987	1990	1993	1996	1999	2001
East Asia and Pacific	56.7	38.8	28.0	29.5	24.9	15.9	15.3	14.3
Europe and Central Asia	0.8	0.6	0.4	0.5	3.7	4.4	6.3	3.5
Latin America and Caribbean	10.1	12.2	11.3	11.6	11.8	9.4	10.5	9.9
Middle East and North Africa	5.1	3.8	3.2	2.3	1.6	2.0	2.7	2.4
South Asia	51.5	46.8	45.0	41.3	40.1	36.7	32.8	31.9
Sub-Saharan Africa	41.6	46.3	46.9	44.5	44.1	46.1	45.7	46.4
World	40.4	33.0	28.5	27.9	26.3	22.3	21.5	20.7

Source: World Bank, 2005.

region with the greatest depth of poverty is sub-Saharan Africa. By 2015, that region will be the epicenter of world poverty (Chen and Ravallon, 2006).

Reducing Poverty

When President Johnson declared a "war on poverty" in 1964, he assumed, optimistically, that it was a war that could be won. The ensuing half century has shown that poverty is a more difficult enemy than anyone originally believed—not because poor people have it so good that they don't want to work to get themselves out of poverty, but because the structural foundations of poverty seem to be so solidly entrenched.

A greater proportion of families and children in America today live in poverty (12.6 percent) than in 1973—when the 11.1 percent poverty figure was the lowest ever on record (Eberstadt, 2006). Dramatic structural, demographic, and policy shifts keep the number of poor high but also obscure just how many poor people have struggled to get themselves out of poverty.

Different societies have tried different sorts of strategies to alleviate poverty. Virtually all industrial nations have a welfare system that guarantees all citizens the basic structural opportunities to work their way out of poverty: free education, national health care, welfare subsistence, housing allowances. Only the United States does not provide those basic structural requirements, and so poor people spend most of their money on housing, health care, and food. As a result, the United States has the highest percentage of poor people of all industrialized countries. While many Americans believe, as the Bible says, "blessed are the poor," the country, as a whole, does little more than bless them and send them on their way.

Global efforts to reduce poverty on a global scale have historically relied on "outside" help: the direct aid of wealthier countries, global organizations devoted to the issue, or large-scale philanthropic foundations. The United States spends billions in direct aid to poor nations. And the World Health Organization, the Red Cross and Red Crescent, and other global organizations channel hundreds of billions of dollars to poorer nations. Finally, foundations such as the Ford and Gates Foundations and the Open Society Institute funnel massive amounts of aid to poor nations to improve health care and education and to reduce poverty, disease, and violence. In 2001, the United Nations announced the "Millennium Project"—a global effort to identify the causes of poverty and to eradicate extreme poverty and hunger by 2015.

This strategy is vital in creating the infrastructure (roads, hospitals, schools) and sustaining agricultural food production (irrigation, seed technologies) that will enable nations to combat poverty. Yet this strategy of direct payments to governments has also received criticism because some of these funds have been terribly misspent by corrupt political regimes, and often little of the money collected actually reaches the poor themselves.

Several newer strategies target local people more directly. In the poorer rural areas of Latin America, the governments of Mexico and Brazil, for example, have embraced "conditional cash transfer schemes" (CCTS) by which the government gives direct payments to poor families of about $50 a month. This may mark the difference between too little food to feed the family and just barely enough. CCTS are "conditional": In return, the beneficiaries must have their children vaccinated, their health monitored, and keep them in school ("New Thinking about an Old Problem," 2005).

▲ **Microcredit helps individuals pull themselves out of poverty by providing tiny loans—some as little as $9—that enable borrowers to start businesses. Most microcredit participants worldwide are women.**

In Pakistan, economist Muhammad Yunus has developed a system of "microcredit" by which his bank lends tiny amounts to local poor people. Initially, as a young professor, he loaned a group of women $27 to buy straw to make stools. Over the past 30 years, Grameen Bank has lent $5.72 billion to 6.61 million borrowers—some loans as low as $9—including beggars who wanted to start small businesses or a group of women who needed start-up funds to start a cell phone business or to buy basket-weaving supplies. The bank claims a 98% repayment rate (Moore, 2006).

In 2006, Yunus received the Nobel Peace Prize in recognition of his work to end poverty one person at a time.

Social Mobility

Social mobility means the movement from one class to another. It can occur in two forms: (1) *intergenerational*—that is, your parents are working class, but you became lower, or your parents are middle class, but you became upper class; and (2) *intragenerational*—that is, you move from working to lower, or from middle to upper, all within your lifetime. Social mobility remains one of America's most enduring beliefs, but it is far less common in reality than we imagine. One of the most important studies of mobility was undertaken in the 1960s by Peter Blau and Otis Dudley Duncan (Blau and Duncan, 1967). In their studies of the American occupational structure, they found actually very little mobility between classes, although they found a lot of mobility within any particular class. People moved up or down a little bit from the position of their parents, but movement from one class to another was extremely rare.

Intergenerational mobility seems to have increased since Blau and Duncan. Hout (1984) found that 65 percent of sons were not in the occupational category of their fathers. And Solon (1992) found that while intergenerational mobility was less than he originally expected, it was still significant. Generations do seem to be mobile, but almost as many went from riches to rags as went from rags to riches.

Whatever the American dream may promise about equal opportunity and pulling yourself up by your bootstraps, it is actually far more likely that either you are born with opportunity or you aren't. Most of the sons stayed squarely in the social class of their fathers. Although America doesn't have the same rigid standards as some other societies, it still makes the primary determinant of your social class your parents.

Dynamics of Mobility

Much of the upward mobility that Blau and Duncan found was *structural mobility*—a general upward trend of the entire society, not the result of either intergenerational or intragenerational mobility. **Structural mobility** means that the entire society got wealthier. Because of the post–World War II economic boom, many working-class families found themselves enjoying middle-class incomes. Similar structural mobility occurred during the Industrial Revolution, when the labor force shifted from farming/agriculture to manufacturing.

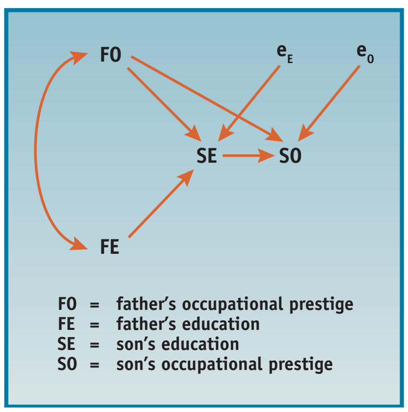
More recently, the pattern has been downward mobility, caused by the decline in manufacturing jobs (40 percent disappeared between 1970 and 2000), coupled with the growth of service jobs. Service jobs tend to pay low wages (averaging about half the wages of manufacturing jobs) and offer few or no benefits (averaging 60 percent less than manufacturing jobs). As a result, many people who grew up or spent most of their lives in the middle class find themselves working class or even working poor (Uchitelle, 2006).

Many Americans are underemployed—highly educated and qualified for positions higher than the ones they occupy. On *The Simpsons*, the proprietor of the comic book store defends his bitter outlook on life by saying, "I have a master's degree in folklore and mythology." Millions of Americans have had similar experiences. They acquire college degrees, with dreams of a white-collar job and a middle-class lifestyle, only to find that the jobs simply aren't there. So they take jobs for which they are vastly overqualified in the service industry or as clerical workers,

How do we know what we know?

Mobility Studies

In their effort to understand the *American Occupational Structure* (the title of their 1967 book, which summarized two decades of research), Blau and Duncan created a "path diagram" of American intergenerational mobility using four key variables: father's level of education, father's occupation, son's level of education, and son's occupation. (These questions were asked only of White men.) One version is shown in the diagram.



Here, the son's education and occupation depend on both ascriptive characteristics (father's occupation and education are fixed, and you are born with them) and achieved characteristics (the "e" refers to external factors). The son's education is seen as an intervening variable because it affects occupation all by itself, as well as being influenced by father's education and occupation.

Blau and Duncan were interested in the relative weight of these ascribed or achieved characteristics to measure the "openness" of the American class system and the amount of mobility in it. One of their key findings was that the effects of father's occupation and education were both direct and indirect. They directly confer some advantages and also indirectly enhance their sons' education, which furthers the sons' success as well.

Among their key findings were that 40 percent of the sons of blue-collar workers *moved up* to white-collar jobs. Perhaps even more intriguing, almost 30 percent of the sons of white-collar workers *moved down* to blue-collar jobs. Today, though, we would also question the idea that we can chart "American" mobility patterns by using data drawn only from White men.

with low salaries, no benefits, and no possibility of career advancement, and join the ranks of the working poor.

Another way to move down from the middle class is to become a permanent temp or part-time worker. Employers prefer temporary employees, even for contracts that will last years, because "temps" command lower salaries and receive neither benefits nor severance pay. Sometimes, employers demote full-time employees to a "part-time" status of 38 hours per week, because employment laws require benefits to be offered only to full-time employees. The result is that employees suffer from the reduced salary and benefits but corporate profits increase (Cummings, 2004).

Mobility takes place largely within groups, not between them. Between 1980 and 2000, the lower class saw an income increase of 15 percent. The middle and working classes saw gains of around 20 percent. The upper middle and upper class enjoyed an increase of 59 percent. But the superrich of the income scale saw a windfall. They were earning an average of $132,000 in 1980, and in 2000 they were earning $500,000, *an increase of 400 percent* (Neilsen and Alderson, 1997; U.S. Census Bureau, 2001). The poor are staying poor, but the superrich are getting superricher (Economic Mobility Project, 2006). This is the result of a general relaxation of regulations placed on corporations, increasing profits massively, and the suppression of wages, part-time work, and the decrease in the power of unions to protect workers.

Mobility is also affected by race and ethnicity. White people have higher upward mobility. With the economic boom in the 1980s and 1990s, some people of color were able to move up the socioeconomic ladder, but not many. In 2000, African American households earned 64 percent of the average White household, about the same share as in 1970. Hispanic households actually lost ground: In 1975, they earned 67 percent of the income of White households, and in 2000 they earned 66 percent (Featherman and Hauser, 1978; Pomer, 1983; U.S. Census Bureau, 2001).

Historically, women have had less opportunity for upward mobility than men because of the types of jobs they were permitted: mostly clerical and service positions that do not offer many opportunities for promotion or increased responsibility. And when they married, they were expected to quit even those jobs or else decrease their hours to part time.

Today, many middle-class women still do not pursue careers that afford middle-class lifestyles because they curtail career ambitions for household and child care responsibilities. As a result, if they divorce, they experience downward mobility. Not only do they lose the second (and often higher) income from their husband, they also lose benefits like health care and insurance (Weitzman, 1996).

Social Mobility Today

Since the beginning of the twenty-first century, the United States has become less mobile than it has ever been in its history. According to a recent survey, Americans are more likely than they were 30 years ago to end up in the class into which they were born. Rates of mobility are about the same as France or England—countries with hereditary aristocracies and, in the case of Britain, a hereditary monarch. American levels of mobility are significantly lower than Canada and most Scandinavian countries (Economic Mobility Project, 2006).

That doesn't mean that Americans have stopped believing in mobility, though. A recent poll in *The New York Times* found that 40 percent of Americans believed that the chance of moving up from one class to another had risen over the last 30 years—the same period when those chances were actually shrinking (Scott and Leonhardt, 2005).

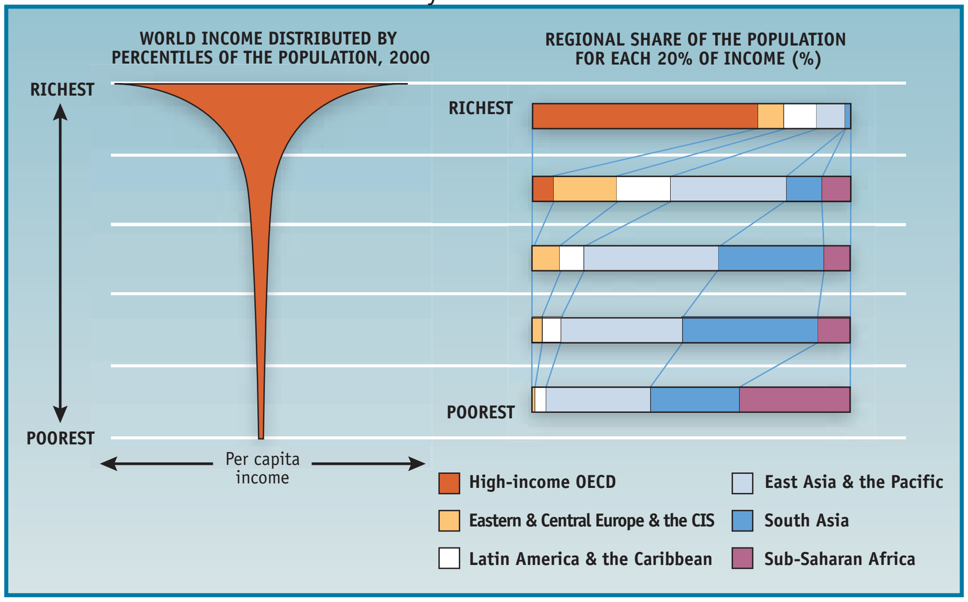
Global Inequality

Global inequality is the systematic differences in wealth and power among countries. These differences among countries coexist alongside differences within countries. Increasingly the upper classes in different countries are more similar to each other—especially in their patterns of consumption—than they are to the middle classes in their own countries. The world seems to be developing a global class structure.

The same processes we observed in the United States are happening on a world scale. For example, over the past 30 years, the overall standard of living in the world has risen. Illiteracy is down, the infant mortality rate is down, the average income is up, and life expectancy is up. But many of these gains are in countries that were high or middle income to begin with, such as the advanced industrial economies of Europe. The standard of living in many of the poorest countries has actually declined. Rich countries are getting richer; poor countries are getting poorer.

The income gap between rich and poor that we see in the United States is becoming the pattern worldwide. The richest 20 percent of the world's population receives about 80 percent of the global income and accounts for 86 percent of total private consumption, while the poorest 20 percent survives on just 1 percent of the global income and accounts for 1.3 percent of private consumption (Figure 7.4). Actually, the three richest U.S. individuals together—Bill Gates, Warren Buffett, and Paul Allen—earn as much as the annual economic output of the world's 48 poorest countries (Miller and Serafin, 2006).

FIGURE 7.4 Where the Money Is



Source: From "Trends in Global Income Distribution 1970–2015" by Yuri Dikhanov, *Human Development Report 2005*, p. 37. Reprinted by permission of Yuri Dikhanov, www.hdr.undp.org

Globalization has increased the economic, political, and social interconnectedness of the world. It has also resulted in both unthinkable wealth and widespread poverty and suffering. Three decades ago, the richest 20 percent was 30 times better off than the poorest 20 percent. By 1998, the gap had widened to 82 times (Gates, 1999).

Classifying Global Economies

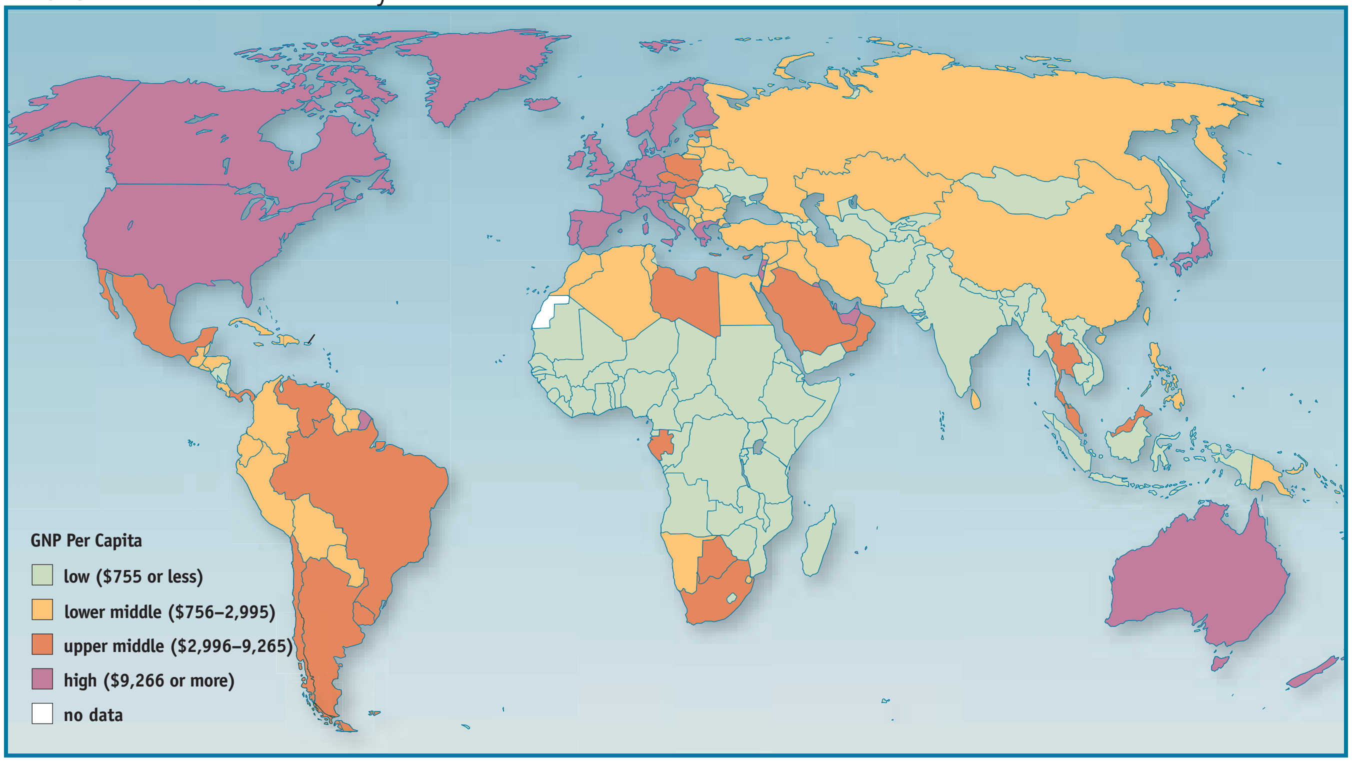
Social scientists used to divide the world into three socioeconomic categories: high-, middle-, and low-income countries.

High-Income Countries. There are about 40 high-income countries, including the United States ($37,800 per capita GDP), Switzerland ($32,600), Japan ($28,000), and Spain ($22,000). These countries cover 25 percent of the world's land surface and are home to 17 percent of its population. Together they enjoy more than half of the world's total income and control the world's financial markets. Most of these nations' populations live in or near cities. Industry is dominated by large-scale factories, big machinery, and advanced technology; however, these countries are also at the forefront of the Information Revolution, with the most companies that make and sell computers and the most computer users; 53 percent of the United States' population and 33 percent of Switzerland's is on the Internet. Because they have access to better nutrition and expert medical care, residents of these countries tend to have high life expectancies (80.8 in Japan) and low infant mortality rates (4.43 per 100,000 in Switzerland). Because the population is mostly urban and well educated, the birth rate tends to be low (10.1 per thousand in Spain) and the literacy rate high (99 percent in Switzerland).

Middle-Income Countries. There are about 90 middle-income countries, divided into high middle-income countries like Portugal ($18,000 per capita GDP), Uruguay ($12,600), and South Africa ($10,700) and low middle-income countries like Brazil ($7,600), Libya ($6,400), and China ($5,000). These countries cover 47 percent of Earth's land area and are home to more than half of its population. Only two-thirds of the people live in or near cities. There are many industrial jobs, but the Information Revolution has had only a minor impact: Only 7 percent of Portugal's residents and 4 percent of South Africa's are on the Internet. Demographic indicators vary from country to country: In South Africa, the life expectancy is very low (43.3), but in China it is quite high (71.6). The infant mortality rate is 4.92 deaths per 1,000 births in Portugal and 27.62 in Brazil. Middle countries are not staying in the middle: They are getting either richer or poorer. (And in those countries, the rich are also getting richer and the poor are getting poorer.)

Low-Income Countries. There are about 60 low-income countries, including Jamaica ($3,800 per capita GDP), India ($2,900), Kenya ($1,000), and Somalia ($500). These countries cover 28 percent of the world's land area and are home to 28 percent of its population. Most people live in villages and on farms, as their ancestors have for centuries; only about a third live in cities. They are primarily agricultural, with only a few sustenance industries and virtually no access to the Information Revolution: There are 45,000 Internet users among Kenya's 30 million people and 200 among Somalia's 7.4 million. They tend to have low life expectancies (46.6 in Somalia), high infant mortality rates (62.6 deaths per 1,000 births in Kenya), high birth rates (40.13 per thousand in Kenya), and low literacy rates (52 percent in India). Hunger, disease, and unsafe housing frame their lives (Central Intelligence Agency, 2007).

FIGURE 7.5 The World by Income



Note: This map presents economies classified according to World Bank estimates of 1999 GNP per capita. Not shown on the map because of space constraints are French Polynesia (high income); American Samoa (upper middle income); Fiji, Kiribati, Samoa, and Tonga (lower middle income); and Tuvalu (no data).
Source: From the World Bank website, http://go.worldbank.org. Reprinted by permission of the International Bank for Reconstruction and Development/The World Bank.

Explaining Global Inequality

For many years, sociologists weren't worried about the causes of global inequality as much as its cure, how to help the underprivileged countries "get ahead." Today, social scientists are less optimistic and are at least equally concerned with what keeps poor countries poor.

Market Theories. These theories stress the wisdom of the capitalist marketplace. They assume that the best possible economic consequences will result if individuals are free to make their own economic decisions, uninhibited by any form of governmental constraint; government direction or intervention, the theorists say, will only block economic development. However, they shouldn't make just any economic decisions: The only avenue to economic growth is unrestricted capitalism (Berger, 1986; Ranis and Mahmood, 1991; Rostow, 1962).

By far the most influential market theory was devised by W. W. Rostow, an economic advisor to President Kennedy. His **modernization theory** focuses on the conditions necessary for a low-income country to develop economically. He argued that a nation's poverty is largely due to the cultural failings of its people. They lack a "work ethic" that stresses thrift and hard work. They would rather consume today than invest in the future. Such failings are reinforced by government policies that set wages, control prices, and generally interfere with the operation of the economy. They can develop economically only if they give up their "backward" way of life and adopt modern Western economic institutions, technologies, and cultural values that emphasize savings and productive investment.

It is somewhat difficult to believe that the people of Somalia, with per capita income of about $500, or Mali, at $900, fail to stash their money in savings accounts and IRAs because they are so eager to consume or that their path to economic solvency lies in abandoning their traditional laziness for good old Yankee elbow grease. Sociologists have been quick to criticize this theory for its ethnocentrism (using the United States as the "model" for what development should look like), its suggestion that people are responsible for their own poverty, and for its curious assurance that wealthy countries act as benevolent Big Brothers to the rest of the world, when in fact they often take advantage of poor countries and block their economic development. Besides, it is not simply a matter of "us" versus "them," rich and poor countries occupying separate social worlds: In a global economy, every nation is affected by the others.

Nevertheless, Rostow's theory is still influential today (Firebaugh, 1996, 1999; Firebaugh and Beck, 1994; Firebaugh and Sandu, 1998). It is sometimes argued that global free trade, achieved by minimizing government restrictions on business, will provide the only route to economic growth. Calls for an end to all restrictions on trade, an end to minimum wage and other labor laws, and an end to environmental restrictions on business are part of this set of policies.

State-Centered Theories. Perhaps the solution is not the market, operating on its own, but active intervention by the government (or by international organizations). State-centered theories argue that appropriate government policies do not interfere with economic development but that governments play a key role in bringing it about. For proof, they point to the newly developed economies of East Asia, which grew in conjunction with, and possibly because of, government intervention (Appelbaum and Henderson, 1992; Cumings, 1998). The governments have acted aggressively, sometimes violently, to ensure economic stability: They outlaw labor unions, jail labor leaders, ban strikes, repress civil rights. They have been heavily involved in social programs such as low-cost housing and universal education. The costs have been enormous: horrible factory conditions, widespread environmental degradation, exploitation of female workers and "guest workers" from impoverished neighboring countries. But the results have been spectacular: Japan enjoyed an economic growth of 10 percent per year through the 1960s, 5 percent through the 1970s, and 4 percent through the 1980s (followed by a slowdown to 1.8%). It has a national reserve of $664 billion and has donated $7.9 billion in economic aid to other countries.

Dependency Theory. **Dependency theory** focuses on the unequal relationship between wealthy countries and poor countries, arguing that poverty is the result of exploitation. Wealthy countries (and the multinational corporations based in them) try to acquire an ever-increasing share of the world's wealth by pursuing policies and practices that block the economic growth of the poor countries. Capitalist countries exploit worker countries, just as Karl Marx predicted, thereby ensuring that the rich get richer and the poor get poorer.

The exploitation began with **colonialism,** a political-economic system under which powerful countries established, for their own profit, rule over weaker peoples or countries (Cooper, 2005). The most extensive colonialism occurred between 1500 and 1900, when England, Spain, France, and some other European countries exercised control over the entire world—only Ethiopia, Japan, and Thailand were free of European domination throughout the 400 years. Europeans immigrated in large numbers only to regions with low native populations—the Americas, southern Africa, Australia, and New Zealand—which soon became colonial powers in their own right. Other nations were merely occupied and mined for the raw materials necessary to maintain European wealth—petroleum, copper, iron, sugar, tobacco, and even people (the African slave trade was not finally outlawed until 1830).

After World War II, colonialism gradually ended, today only a few colonial possessions are left, mostly small islands (Bermuda, Guam, Martinique). However, the exploitation did not end. Transnational (or "multinational") corporations, often with the support of powerful banks and governments of rich countries, established factories in poor countries, using cheap labor and raw materials to minimize their production costs without governmental interference. Today corporations engage in "offshoring," setting up factories in poor countries where the cost of materials and wages is low.

The exercise of power is crucial to maintaining these dependent relationships on the global level. Local businesses cannot compete with the strength of multinational corporations, and former self-subsisting peasants have no other economic options but to work at near-starvation wages at foreign-controlled mines and factories. In 2001, the average Mexican maquiladora worker (employee of a foreign corporation) earned the equivalent of $5.31 per day (with benefits) or $3.56 (without).

Sometimes individual economic pressure is backed up by force. When local leaders question the unequal arrangements, they are suppressed. When people elect an opposition government, it is likely to be overthrown by the country's military—backed by armed forces of the industrialized countries themselves. For example, the CIA played a major role in overthrowing the Marxist governments of Guatemala in1954 and Chile in 1973 and in undermining the leftist government of Nicaragua in the 1980s.

Dependency theory has been criticized for being simplistic and for putting all blame for global poverty on high-income countries and multinational corporations. Some social scientists, such as Enrique Fernando Cardoso (also a past president of Brazil) argue that, under certain circumstances, poor countries can still develop economically, although only in ways shaped by their reliance on wealthier countries (Cardoso and Faletto, 1978).

World System Theory. **World system theory** draws on dependency theory but focuses on the global economy as an international network dominated by capitalism. It argues that the global economy cannot be understood merely as a collection of countries, some rich and some poor, operating independently of each other except for a dynamic of exploitation and oppression: It must be understood as a single unit. Rich and poor countries are intimately linked.

Immanuel Wallerstein, who founded world system theory and coined the term *world economy* (1974, 1979, 1984, 2004), argued that interconnectedness of the world system began in the 1500s, when Europeans began their economic and political domination of the rest of the world. Because capitalism depends on generating the maximum profits for the minimum of expenditures, the world system continues to benefit rich countries (which acquire the profits) and harm the rest of the world (by minimizing local expenditures and therefore perpetuating poverty).

According to Wallerstein, the world system is composed of four interrelated elements: (1) a global market of goods and labor; (2) the division of the population into different economic classes, based loosely on the Marxian division of owners and workers; (3) an international system of formal and informal political relations among the most powerful countries, who compete or cooperate with each other to shape the world economy; and (4) the division of countries into three broad economic zones—core, periphery, and semiperiphery.

The *core countries* include Western Europe and places where Western Europeans immigrated in large numbers: the United States, Canada, Australia, New Zealand, South Africa, plus Japan, the only non-European country to become a colonial power in its own right. These are the most advanced industrial countries, and they take the lion's share of profits in the world economic system. Goods, services, and people tend to flow *into* the core.

The *periphery* is the opposite zone, corresponding roughly with the Third World, and includes countries that were under Western European domination but did not receive many permanent settlers: sub-Saharan Africa (other than South Africa), India and Pakistan, parts of Latin America, most of East and Southeast Asia, and Oceania. These countries are low income, largely agricultural, and often manipulated by core countries for their economic advantage. Goods, services, and people tend to flow *away from* the periphery.

Finally, the *semiperiphery* is an intermediate zone between the core and the periphery. This includes the former Soviet Union, Eastern Europe, countries that were under Western European domination only briefly (the Middle East, parts of East Asia), or countries that received a substantial number of immigrants but not as many as the core (parts of Latin America). These are semi-industrialized, middle-income countries that often form their own local core-periphery systems. For example, goods and services flow *into* Russia from its own periphery states in Eastern Europe, the Baltic, and Central Asia, but they also flow *from* Russia into Western Europe and the United States. The semiperiphery functions much as the middle class does in any country: It both is a buffer zone between rich and poor and exhibits elements of both rich and poor, depending on the position of the other country it is dealing with.

World system theory emphasizes **global commodity chains**—worldwide networks of labor and production processes, consisting of all pivotal production activities, that form a tightly interlocked "chain" from raw materials to finished product to retail outlet to consumer (Gereffi and Korzeniewicz, 1993; Hopkins and Wallerstein, 1996). The most profitable activities in the commodity chain (engineering, design, advertising) are likely to be done in core countries, while the least profitable activities (mining or growing the raw materials, factory production) are likely to be done in peripheral countries. Some low-profit factories (or "sweatshops") are appearing in core countries, often underground to avoid minimum wage laws; but, paradoxically, they tend to employ mostly immigrants from peripheral countries, who are willing to settle for the poor pay (still better than they would get at home), minimal or nonexistent benefits, and terrible working conditions.

The world system theory has been criticized for depicting the process as only one way, with goods and services flowing from periphery to core. However, some goods and services flow from core to periphery, and of course states within a zone trade with each other. There are innumerable currents, eddies, undertows, and whirlpools in the economic sea.

Did *you* know?

Politically and culturally, the United States and Mexico are separate countries, but economically, they are so intimately linked that Mexico might as well be a colonial possession. Of its exports, 87.6 percent go to the United States, and 61.8 percent of its imports come from the United States.

Globalization has increased the economic, political, and social interconnectedness of the world. It has also increased some staggering inequalities between the world's rich and its poor.

Sociology and our World

Prostitution and the World System

In the world system, it is not only goods and services that flow from periphery to core. People do, too, in the form of slaves, foreign workers, and prostitutes (or sex workers). Interviews with sex workers in dozens of countries around the world reveal that in Japan (core), they tend to come from Korea (semiperiphery) or the Philippines (periphery). In Thailand (semiperiphery), they tend to come from Vietnam or Burma (periphery). In France (core), they tend to come from Turkey or North Africa (semiperiphery). In Germany, they tend to come from Bosnia, Slovenia, or the Czech Republic (semiperiphery). However, in the Czech Republic, they tend to come from Poland, Slovakia, and Hungary (semiperiphery).

Why does a country in the semiperiphery draw sex workers from the semiperiphery? Perhaps the answer lies in relative wealth: The average GDP per capita in the Czech Republic is $15,700, compared to $13,900 in Hungary, $13,300 in Slovakia, and $11,000 in Poland. Or perhaps it lies in the mechanics of global sex tourism, in which people (mostly men) from the core take vacations in periphery or semiperiphery states with the intention of having sex, either with prostitutes or with impoverished local "friends" willing to spend the night in exchange for dinner or gifts. Prostitution in the Czech Republic really means Prague, about 2 hours by train from Dresden and 4 hours from Munich, a perfect distance for German businessmen to get away for a weekend sex holiday (Kempadoo, Saghera, and Pattanaik, 2005).

Global Mobility

Just as people can move up and down the socioeconomic ladder from generation to generation, and even within a single generation, rich countries can become poor, and poor countries can become rich. Great Britain, the richest country in the world a century ago, today ranks number 19 in per capita GDP (not exactly poor, but moving toward middle income). The United Arab Emirates, impoverished peripheral sheikdoms before the discovery of oil, now rank higher than New Zealand (core). A generation ago, the Soviet Union was an economic and political superpower. But the collapse of communism and the move to a capitalist economy had a devastating impact. In 2004, 25 percent of the population of Russia lived below the poverty level, and its per capita GDP ranked below its former satellite states, Poland, Slovakia, Slovenia, and the Czech Republic, just a little above Botswana. Times change, economies change, the world system changes.

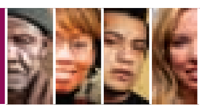
Recently there has been a trend of newly industrializing economies (NIEs), countries that move from poor to rich in a matter of a few years. Japan was the first, beginning in the 1950s, and now most of East Asia and Southeast Asia have moved up to middle income, and Hong Kong, Japan, South Korea, Singapore, and Taiwan have moved up to high income (Brohman, 1996). Several of these have risen not because of valuable raw materials but because these former colonial trading centers easily adapted to become large-scale manufacturing and global financial centers.

But Japan was never a European colony and in fact had its own colonial empire before World War II. None of these countries received significant European economic assistance until the Cold War, when the world was taking up sides in the apocalyptic conflict between the United States and the Soviet Union. Japan, South Korea, and Taiwan, just a few miles from the Communists, could function as political (and symbolic) bulkheads of democracy, so the United States and its allies poured money and military aid into them. Later, when increasingly efficient global transportation and communication systems made importing manufactured items from long distances economically viable, they began aggressively exporting locally produced merchandise, until "made in Japan" and "made in Korea" became clichés for cheap, mass-produced articles. Once, when I was in Paris, I picked up a cheap ceramic gargoyle in one of the tourist kiosks that line the Left Bank. It wasn't until I got back to my hotel that I checked the bottom and saw the words—in English: "Made in Japan."

Class Identity and Inequality in the 21st Century

Today, class continues to have a remarkable impact in our lives—from the type of education or health care you receive to the type of job you'll have, whom you'll marry, and even how long you'll live and how many children you'll have. The decline in social mobility in the United States makes America increasingly a nation of rich and poor, as in every country there are rich people and poor people, as well as rich countries and poor countries. The gap grows daily. As a result, "being born in the elite in the U.S. gives you a constellation of privileges that very few people in the world have ever experienced," notes David Levine, an economist who researches social mobility and class in America. But, comparatively, "being poor in the U.S. gives you disadvantages unlike anything in Western Europe and Japan and Canada" (cited in Scott and Leonhardt, 2005).

Just as class increases in importance and class inequality increases in its impact on our everyday lives and our society, so too do Americans continue to disavow its importance. We may be becoming a nation of rich and poor, but we continue to assert that we're all middle class, and that class has little bearing on our lives. Perhaps that Oxford professor was onto something.



Chapter Review

1. ***What is social stratification, and why does it exist?*** All societies are stratified into layers, with those on top generally having more power, privilege, and prestige than those on the bottom. Stratification is often based on wealth, income, or birth. A society's system of stratification is often accompanied by a justifying ideology that is accepted by most people.

2. ***What does social stratification look like?*** The main two forms of social stratification are caste and class. In a caste system, one is born into a group and can never leave that group. Class is the most common modern form of stratification and is based on wealth, income, and, to some extent, birth. A class system allows for social mobility, or movement up or down the social class ladder, although most individuals remain in or near the class position they are born into.

3. ***How do sociologists explain social class?*** Marx explained social class as derived from one's relationship with the means of production. People were divided into owners, who had capital, and workers, who had labor to sell. According to Marx, the owners, or bourgeoisie, exploited the workers, or proletariat, for profit. Weber said social class depended on economics, status (or prestige), and power.

4. ***How does class manifest in the United States?*** Social class in the United States is based on income. The upper classes are the superrich, a tiny proportion of the population. The lower upper class is usually well educated with upper-level jobs and incomes. The upper middle class consists of white-collar managers and community leaders. The middle middle class is viewed as the "normal" Americans; they hold white-collar jobs, own small businesses,

or have good-paying blue-collar jobs. The working class has steady jobs as blue-collar or low-level white-collar workers. The lower class, or working poor, live precariously on the edge, while the underclass are very poor.

5. *What does poverty look like in the United States?* Poverty rates for racial minorities are much higher than those for Whites. Rural poverty is increasing and is more difficult to emerge from as jobs, transportation, and the economy in general are depressed in rural areas. Many poor Americans work, and many work full time.

6. *Why are people poor?* The culture of poverty theory argues that poor people live in a culture that does not allow them to get out of poverty and that socializes them to continue to be poor. Modern sociologists look at other social and structural factors in addition to culture. These include globalization, market forces, racism, and government; sociologists understand that poverty reduces one's life chances. That is, it is not impossible to escape poverty, just difficult.

7. *What is social mobility?* Class systems allow for individual and group mobility up and down the social class ladder. Intergenerational mobility refers to a movement between generations, while intragenerational mobility refers to a movement between classes in one's individual lifetime. Intergenerational mobility is common, but it is common both ways—groups move up the class ladder while other groups move down the class ladder—and tends to even out.

8. *What does global inequality look like, and how do sociologists explain it?* Trends in global inequality mirror those within countries such as the United States, as the rich countries are gaining more wealth and power and the poor countries are declining in the same. Theories of global inequality include market theories, which are based on capitalism; state-centered theories, which are based on government and development; and dependency theories, which focus on inequality between the poor and rich countries. World systems theory combines some of these other theories and focuses on the global economy in terms of capitalism and interconnectedness of nations.

Key Terms

Bourgeoisie (p. 194)
Caste system (p. 191)
Class (p. 193)
Class system (p. 193)
Colonialism (p. 215)
Culture of poverty (p. 206)
Dependency theory (p. 215)
Feminization of poverty (p. 205)
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Socioeconomic status (SES) (p. 195)
Status (p. 195)
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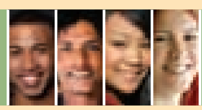
Underclass (p. 198)
World system theory (p. 216)

What does America think?



Conflict between Poor and Rich in the United States

These are actual survey data from the General Social Survey, 1972–2004.

In all countries, there are differences or conflicts between different social groups. In your opinion, in America, how much conflict is there between poor people and rich people? In the 2000 General Social Survey, more than half of all respondents said they thought there was either strong or very strong conflict between the rich and the poor. Those who identified as lower class were far more likely than others to say there was strong (47.1 percent) or very strong (39.2 percent) conflict. With regard to race, Blacks were far more likely than Whites to report they thought there was strong (42.9 percent) or very strong (27.3 percent) conflict.

CRITICAL THINKING | DISCUSSION QUESTIONS

1. The social class difference in responses was significant. Almost 90 percent of those who identified as lower class reported thinking there was strong or very strong conflict, while only about 60 percent of those who identified as upper class reported the same. What explains the social class differences?
2. Black Americans were far more likely than White Americans to report thinking there is strong or very strong conflict between the rich and the poor. In sociology, we study the intersections between race, class, and gender. How does the intersection of race and class help explain these survey results?

▶ Go to this website to look further at the data. You can run your own statistics and crosstabs here: **http://sda.berkeley.edu/cgi-bin/hsda?harcsda+gss04**

REFERENCES: Davis, James A., Tom W. Smith, and Peter V. Marsden. General Social Surveys 1972–2004: [Cumulative file] [Computer file]. 2nd ICPSR version. Chicago, IL: National Opinion Research Center [producer], 2005; Storrs, CT: Roper Center for Public Opinion Research, University of Connecticut; Ann Arbor, MI: Inter-University Consortium for Political and Social Research; Berkeley, CA: Computer-Assisted Survey Methods Program, University of California [distributors], 2005.